

**DIVISION CIRCULAR #29**  
**(N.J.A.C. N/A)**

**DEPARTMENT OF HUMAN SERVICES**  
**DIVISION OF DEVELOPMENTAL DISABILITIES**

**EFFECTIVE DATE:** January 14, 2000

**DATE ISSUED:** January 14, 2000

(Rescinds Division Circular #29, "Internal Controls," issued November 1, 1993.)

- I.     TITLE:**       Internal Controls
- II.    PURPOSE:**   To establish standards and guidelines for an internal control system to adequately ensure a high quality of services and operations and to assure that the Division maintains a system of internal control that complies with Department of Human Services Administrative Order 6:12 and New Jersey Department of Treasury Circular Letter 85-31, Internal Controls.
- III.   SCOPE:**       This circular applies to developmental centers, regional offices and components of the Division's central office. It does **NOT** apply to provider agencies under contract with or regulated by the Division.
- IV.    POLICIES:**
- ....    The Division Director shall ensure that all entities exercise an adequate system of internal controls.
- ....    Management and supervisory personnel of the Division are responsible for the development, implementation and maintenance of adequate internal control systems for operations, contracts and services under their jurisdiction.
- ....    Division staff shall be afforded training in internal control procedures.

## V. **GENERAL STANDARDS:**

- A. Definitions – For the purpose of this circular, the following terms shall have meanings defined herein:

INTERNAL CONTROL means the steps required to provide reasonable assurance that:

- a. obligations and costs are in compliance with applicable laws;
- b. funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation;
- c. revenue and expenditures applicable to Division operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the assets; and
- d. programs and operations are administered to adhere to policies, regulations and standards mandated by internal and external authorities in order to maintain certifications, licensing and other approvals, and quality services to the population served.

INTERNAL CONTROL CERTIFICATION means a document signed by the administrative head of an entity which attests to the internal controls of that entity.

INTERNAL CONTROL DIVISION LIAISON means that staff member appointed by the Division Director to be responsible for the coordination of Division-wide efforts of evaluation, improvement and reporting on internal controls.

INTERNAL CONTROL COORDINATORS means that staff member appointed by the administrative head of the entity to be responsible for the coordination of the evaluation, improvement and reporting of its internal control adequacy.

INTERNAL CONTROL SYSTEM means the organizational structure, methods and procedures used to achieve the objectives of internal control.

MATERIAL WEAKNESS means a substantial deficiency as defined in the Internal Control Manual.

INTERNAL CONTROL MANUAL – means a Division specific document issued by the liaison which incorporates Administrative Order 6:12 and Treasury Circular 85-31.

- B. The Division shall maintain an Internal Control Manual.
- C. All units within an entity are required to report to the coordinator the status of internal controls according to the established schedule.
- D. All coordinators are responsible to assure that the required reviews are completed in accordance with the established schedule.
- E. All material weaknesses reported in the Internal Control Certifications must be addressed in a plan of correction which includes, a timetable for completion, and the staff person(s) responsible for the plan's implementation.
- F. All coordinators are required to submit an Internal Control Certification of accounting, administrative and program controls by a specific date established by the liaison.
- G. Each coordinator shall maintain all working papers, schedules, exhibits and charts utilized for the preparation of the annual certification.
- H. Based on the Internal Control Certification submitted, the liaison shall prepare the Division's annual report for the Director's signature for submission to the Department of Human Services' Internal Control Coordinator.

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Director